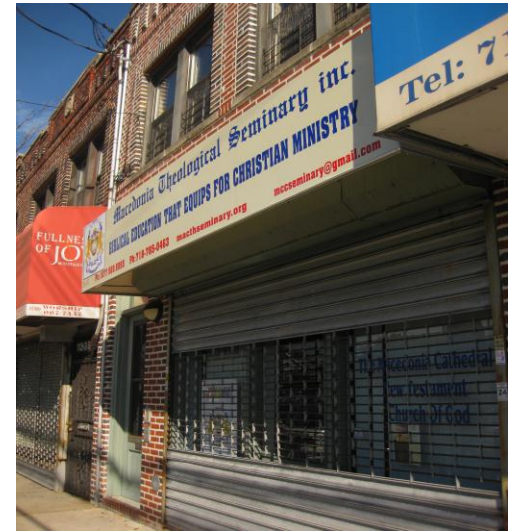


# A Review of Selected Incubator Kitchens & Training Restaurants

Farmers Boulevard Community Development Corporation  
Fall 2011

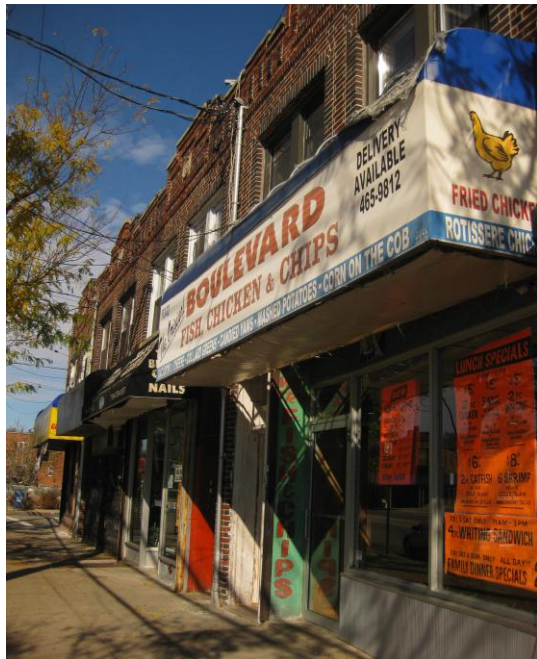


**Pratt Center**  
for Community Development

# Introduction



**Pratt Center**  
for Community Development



**Farmers Boulevard**

Source: A. Devening

- Pratt Center for Community Development works for a more just, equitable and sustainable city for all New Yorkers.
- We work with partners on neighborhood-based and citywide strategies to strengthen neighborhood retail as a strategy for community economic development in a worsening economy.

# Introduction



**Pratt Center**  
**for Community Development**

## 2010/2011 Concept and Lessons Learned:

- Proposed concept of a sit-down restaurant with a training kitchen based on survey results and analysis
  - Un-captured demand for sit-down restaurant
  - Local residents eat out frequently
  - Purveyors interested in community engagement
- Existing vacant sites; many with kitchens



**Farmers Boulevard**  
Source: A. Devening

# Introduction



**Pratt Center**  
**for Community Development**

## 2011/2012 Scope:

- Develop profiles for existing training and incubator kitchens in New York City
- Review of incubator and training kitchens to identify best practices, through a national review of programming



**Farmers Boulevard**  
Source: A. Devening



# Introduction

# Methodology

- Compiled a database of incubator kitchens and training restaurants within the U.S.
- Developed an organizing framework and the following categories for models analysis:

Site Details	Target Population
Partnerships	Curriculum
Operating Costs	Outcomes

- Interviewed managers, directors, and consultants who work with incubator kitchen and training restaurant establishments
- Conducted site visits of incubator kitchens and training restaurants in New York City

# Introduction

# Agenda



## Definition

**INCUBATOR KITCHEN:** A fully-licensed shared commercial kitchen for food entrepreneurs to rent at affordable rates and receive technical assistance to help build their business.

Incubator kitchens regularly provide professional standard ovens, refrigerators, freezers, mixers, food processors, worktables, pots and pans, utensils and locked storage space.



Source: ACEnet Food Ventures

## Kitchen Models

We surveyed 16 incubator kitchens in the U.S. and identified several distinguishable models

- Kitchen for Hire
- Cross-Subsidization
- Social service focused incubation
- Outcomes are generally measured in terms of business “graduation rates,” but what does graduation mean?
  - Three different interpretations:
    - An owner earning greater than \$250K in sales revenue annually
    - Negotiated terms with a co-packer responsible for food manufacturing
    - Production has increased such that bulk storage space is needed



La Cocina Incubator Kitchen  
Source: Bloomberg Businessweek



# Incubator Kitchens

# Kitchen Spaces



**Urban Horizons Kitchen,  
Harlem, NY**



**HBK Incubates  
Harlem, NY**



**Entrepreneur Space,  
Long Island City, NY**

## Case Study



Source: A. Devening

### HBK Incubates

- Location: East Harlem, NY at La Marqueta
- Founding Date: January 2011
- Partners:
  - **Hot Bread Kitchen** (501C3) provides a training and workforce development program for low income and immigrant women
  - Manages **HBK Incubates**
  - **NYCEDC** subsidized the costs for renovation and equipment installation
- Model: Social Service Focused Incubation
- Curriculum: business assistance classes and mentoring

## HBK Incubates



Source: A. Devening

### Costs Structure

- Costs cover equipment, equipment upkeep, time, square footage
- Tenants are charged rent based on their particular needs, i.e. two hours with oven; three hours in prep station
- Minimum of 20 hours/week

### Target Population

- Hot Bread Kitchen participants: low income women and immigrant women
- Low-Income Entrepreneurs: subsidize applicants with no more than 250% of federal poverty level
- Start-Up Businesses

## HBK Incubates

### Site Details

- 4,600 Total Square Feet
- 3,000 square feet of incubator space
- 1,600 s.f. of bakery and programming space for Hot Bread Kitchen, including flexible space for professional development and ESL classes

- **Occupancy:** HBK Incubates estimates that there is room for **40** start-ups, but currently only **27** start-ups occupy the space
  - EDC has planned upgrades to the space that will likely increase its utilization
- **Outcomes:** In HBK's first year of operation the housed businesses created 12 new jobs



Source: A. Devening

# Case Study: Urban Horizons



Source: WHEDco



## Case Study

### Urban Horizons Kitchen

- Location: South Bronx, NY
- Founding Date: 2001
- Partners:
  - Women's Housing and Economic Development Corporation (**WHEDco**) provides affordable housing and social services to families affected by poverty in the Bronx
  - Manages **Urban Horizons Kitchen**
- Model: Cross-Subsidization; Space-focused
- Curriculum: Business and product development consulting; energy-efficiency training



Source: WHEDco

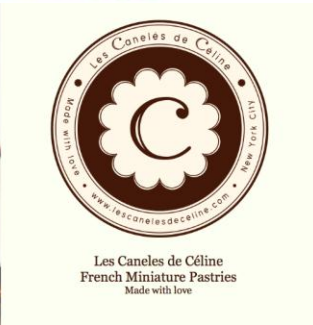
## Urban Horizons

### Costs Structure

- Cross-subsidization **model**: three established businesses signed 2-3 year leases
- 16 start-up tenants pay monthly or per diem
  - \$100/5 hour session
  - \$200/10 hour session

### Target Population

- Start-up Food Businesses
- More established food businesses that have been in business long enough to have a stable customer base and the ability to afford higher rental rates



## Urban Horizons

### Site Details

- 4,000 Total s.f.
- Energy-Efficient Kitchen

### Operating Costs

- Primary revenue comes from long term tenants
- Funding: WHEDco provides 50% of total financial support
- Operating Expenses: \$186,093 in FY 2009



Source: WHEDco

## Case Study

### Entrepreneur Space

- Location: Long Island City, Queens, NY
- Founding Date: 2010
- Partners:
  - Queens Economic Development Corporation  
QEDC (501C3)
    - Provided start-up costs of incubator operation
      - subsidizes 10% of operation
  - Partners with Mi Kitchen Es Su Kitchen
- Model: Began as a Kitchen for Hire model but now offering more social/technical services
- Curriculum: Business consulting services, training classes, and networking opportunities



Source: Entrepreneur Space

## Entrepreneur Space

### Costs Structure

- 6 month contracts; tenants come in as little or as much as they want
  - \$189 per hour for 4:30pm-12:30am shift
  - \$231 per hour for 8am-4pm shift
  - \$154 per hour for 1am-7:30am shift



**Bocce Bakery:** expanded dog biscuit business to create 105-110 dozen per shift

Source: Entrepreneur Space



# Incubator Kitchens

# Entrepreneur Space



## Site Details

- 5,500 s.f. licensed commercial kitchen space
- 12,000 s.f. total
- Nearly half of the space consists of classrooms and conference rooms that are all available for rent

**Occupancy:** 170 “incubator” businesses but they are only at 50% occupancy

## Outcomes:

- Many incubator businesses are nearing graduation with sales revenue close to \$250K
- Planned partnership with CHOW Institute and Fortune Society to accommodate culinary training program



Source: Entrepreneur Space

## Takeaways

- Partnering with a full-fledged non-profit social service provider is often instrumental to the launching of an incubator kitchen
  - Such partnerships can provide the financial support and the technical expertise necessary to offer a range of social, training and technical services
- While many of the models examined were much larger, 3,000 s.f. can provide adequate space for an incubator kitchen with lower operating costs
  - Example:
    - Can accommodate 2 businesses per shift
    - At 3 shifts per day, 7 days a week= 42 potential businesses served
- Cross-Subsidization Model: Charging more rent for more established businesses can help carry costs and their longer stays allow for less administrative work

# Agenda

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Incubator  
Kitchens



Training  
Restaurants

## Definition

**TRAINING RESTAURANT:** A full service restaurant that also provides job training in restaurant skills.

The restaurant kitchen and dining areas serve as a classroom for trainees.

# Training Restaurant

# Training Kitchen



COLORS Restaurant: Manhattan, NY

Space is suitable for 5 worker line-up:

3 on line, 1 garnish, 1 expediter

During trainings, kitchen fits 15-20 students



# Social Enterprise Restaurant Models

We surveyed seven training restaurant models within the United States.

- The food service entity (often a full service restaurant) is partnering with a non-profit organization for the provision of workforce development services
  - Training can cost in excess of \$5,000/student
- Several model partnership structures
  - For-profit restaurant with internship program
  - Large-scale social service organization with training kitchen component

## Case Study

### Mission Pie

- Location: San Francisco, CA
- Founding Date: 2006
- Full service sit-down restaurant
- Partners with five area non-profit workforce development organizations to offer a **paid** internship program
  - Workforce Development Organizations (WDOs) prepare interns for hands-on restaurant training at Mission Pie restaurant and cover minimum wages while at their placement.



Source: Mission Pie

# Training Restaurants

## Mission Pie



Source: Mission Pie

**Target Intern Population:** Predominantly work with youth, but also partners with WDOs that target adults with barriers to employment

**Program Structure:** Partner agencies provide classroom job readiness and basic restaurant skills training

- Provides case management and job placement services
- Mission Pie provides valuable hands-on restaurant skills training; front of the house and back of the house skills
- Provides work experience

## Mission Pie



Source: Mission Pie

### Site Details:

- Total: 2,300 s.f.
- Kitchen: 1,150 s.f.
- Café: 1,150 s.f.; seats 50 people
- 5 trainees work alongside café staff

### Operating Costs

Self-sustaining for-profit restaurant

- Start-up costs: co-owners took out loans; started small with bakery retail space only
- Developed partnerships with several San Francisco workforce development agencies

## Case Study



### Inspiration Kitchens

- Location: Chicago, Illinois
- Founding Date: 2005
- Partners:
  - **Inspiration Corporation** 501(c)(3) helps people who are affected by homelessness and poverty to increase self-sufficiency through the provision of social services, employment training, placement, and housing.
  - **Inspiration Kitchens** administers the Restaurant Skills Training Program with two training kitchens/cafes and a catering company



# Training Restaurants

# Inspiration Kitchens

**Target Population:** Individuals who are homeless, at-risk of being homeless, and ex-offenders

**Curriculum:**

- Free 13 week restaurant skills training program including 9 week hands-on training in restaurant
- Courses are offered on a year round basis
- Provides restaurant training, as well as job placement and case management services



Source: Inspiration Kitchens

# Training Restaurants

# Inspiration Kitchens



Uptown Inspiration Kitchens



Garfield Park Inspiration Kitchens  
Pratt Center for Community Development

**Site Details:** Two separate restaurant sites, one seating 30 and the other seating 60

## Operating Costs

- **Total: \$1,491,389** to administer two training kitchens in FY2011

- **FY2012 Budget Information:**

- 30 seat restaurant: 48% Government, 22% Giving, 20% Earned Income, and 10% In Kind
- 60 seat restaurant: 74% Giving, 0% Government, 16% Earned Income, 11% In Kind

- **Start-up costs:**

- 30 seat restaurant received significant lease subsidy (\$1 lease); main expense was new equipment
- 60 seat restaurant required \$2.5M in capital and equipment costs

# Training Restaurant

# Inspiration Kitchens

## Outcomes

- In FY11, there were 85 enrollments and **51** graduates of one of the programs.
- Graduation Rate: **54%**
- New training program FY12 goal: **160** enrollments and **92** graduates
- **75%** of program graduates get full-time jobs that they retain for three months
- **50%** of graduates have retained those same jobs for 6 months
- Hired several training program graduates for salaried positions in organization



Source: Inspiration Kitchens

## Case Study

### Café Reconcile

- Location: New Orleans, Louisiana
- Founding Date: 2000
- Partners: **Reconcile New Orleans, Inc.** works to transform the lives of at-risk young adults through an life-skills and job training program
- Manages **Café Reconcile**
  - Restaurant and Catering Business
  - Training Facility



Source: Café Reconcile

## Café Reconcile

**Target Population:** At-Risk Youth; aged 16-22.

**Curriculum:**

- 12 week restaurant skills training program held during restaurant lunch shift

- 5 areas: steward, wait staff, sous chef, department chef
- Internship opportunities with area restaurants

**Other workforce development services:**

- Comprehensive Case Management Services & Job Placement Services
- GED Education, Computer Literacy, Parenting Skills, Entrepreneur training classes



Source: Café Reconcile



## Café Reconcile



Source: Café Reconcile

### Site Details:

- **Total:** 12,000 s.f.; Five-Story Building retrofitted from furniture store to kitchen
  - Purchased space for \$50K in 1996 in a disenfranchised neighborhood with relatively low real estate costs
  - Not all floors are in active use but plans to accommodate a banquet hall, space for cooking classes, computer lab for literacy and GED classes, business incubation
- **Café:** 2,400 s.f.; seats 80 people
- **Kitchen:** 800 s.f.



## Café Reconcile

### Operating Costs

- \$5000 in training costs per student (2011)
  - Includes the cost of uniform, two meals per day, bus tokens for 12 weeks, \$1500 stipend, all in addition to staff costs
  - Café Reconcile Staff: 6 restaurant staff; 5 program staff; 1 development officer, 1 business developer, and 1 director
- Restaurant sales revenue goes directly into a general funding pool that covers all non-profit operations
  - Covers 1/3 of the total budget of the non-profit, with the remainder from philanthropic sources



Source: Café Reconcile

## Café Reconcile

### Outcomes

- Since 2000, more than 700 young people have completed the program
  - 98 graduated in 2011
  - 60 graduated in 2010
  - 47 graduated in 2009
- Job Placement: 85%
- 70% retain jobs for at least 1 year



Source: Café Reconcile

## Case Study



Source: A. Devening

### **COLORS Restaurant & ROC-NY**

- Location: Manhattan, NY
- Founding Date: 2007
- Partners: Restaurant Opportunities Center of NY (**ROC-NY**) (501C3) advocates for restaurant workers' rights through workforce justice campaigns, research and policy work, and restaurant job training and job development services.
  - Founded **C.H.O.W. Institute** to manage restaurant skills training programs
  - Established **COLORS Restaurant**, a cooperatively-owned for-profit restaurant that serves as training restaurant

# Training Restaurants

# COLORS & C.H.O.W. Institute



Source: A. Devening

**Training Schedule:**  
**2 days per week**  
**classroom training**  
**during the day**  
**3 days per week**  
**hands-on training**  
**for trainees during**  
**lunch service**

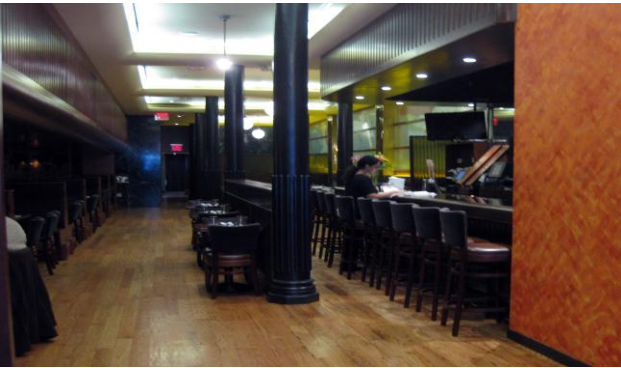
**Target Population:** Restaurant workers; those seeking employment in restaurants

## **Curriculum:**

- Several weeks of free classroom training plus 6 week internship that takes place during lunch shift at COLORS Restaurant
- Training roughly 200 people per year
  - Classes of 30/35, offered six times a year
- Training content: “Back of the House” and “Front of the House” topics
  - Food safety certification
  - Soft skills training
- Other workforce development services: job placement services; partnership with Queensborough Community College

# Training Restaurants

## COLORS



### Site Details:

- Total: 7,400 s.f.; Basement and Ground Floor
- Dining Area: 3,700 s.f.; seats 135 people
- Kitchen: 3,700 s.f.

### Outcomes

- Since 2007, CHOW has trained 1,000 restaurant workers
- 80% graduation rate
- 50-60% job placement rate
- In 2010, 98 workers found jobs with \$10.38 average hourly wage



Source: A. Devening

## COLORS

### Cooperatively-Owned Restaurant

- First in Manhattan
- Workers provide 100 hours sweat equity to have a stake
- Workers- 20% stake
- Italian food collective- 40 % stake
- ROC-NY- 40 % stake





# COLORS & C.H.O.W. Institute

## Operating Costs

### C.H.O.W. Institute (2010)

- \$4,181 in training costs per student
- Total training costs: \$359,600
- Funding Sources: 20% city grants, 30% state grants, and 50% foundation grants

### COLORS Restaurant

- Generates its own revenue
- Receives rental payments from C.H.O.W.

- Kitchen space should be relative to class size- Ideal size is 600-800 s.f. for a 10-15 class size.
- Restaurant on-the-job exposure is crucial to successful implementation of training program
- Soft skills portion of training is important
- Balance the for-profit restaurant needs and non-profit social mission
- Create a simple menu to accommodate learners but that also adds to marketability of restaurant
- Implement social work expertise to execute successful training program

- Food business benefits from an image that is socially-minded, supporting area workforce development
- Workforce development component can help food business to secure funding
- Make operation well-known in the community / Offer cultural and community events
- Rent underutilized space out for events- make it affordable for community events

# Financial Resources

- Nonprofit Finance Fund
- Liz Claiborne Foundation
- Robin Hood Foundation
- Chef Foundations (Emeril Lagasse)
- Family Cook Productions: Food 360 Program

## **Partnership with Careers Through Culinary Arts Program (CCAP)**

- Assists high school administrators to educate students that are restaurant industry ready
- Assists students with internship placements
- August Martin High School in Jamaica is among the 16 CCAP high schools in NYC